

CELEBRATING NIGERIAN DEMOCRACY DAY 2014:

15 YEARS OF DEMOCRATIC TRANSITION

BY GODOSN AZU... With extract from the CIPE Article.

My beloved both at home and in the diaspora greetings from the Almighty God, the creator and maker of things including Nigeria. Today as I joined all well-meaning Nigerians and friends of Nigeria, including great democrats around the world to observe and celebrate the 15th year of Nigerian democratic transition and economic transformation.

Today as the President Dr Good luck Jonathan and the people of Nigeria observe the transition so-far, with a strong moment of sober reflection on the various challenges and the political will to overcome, it is important to note here the need to salute the president for his courage and self-confidence in managing the crisis of insecurity facing the country, even in the trend of economic growth, social advancement and a relative political stability. Our democracy is not an abstract, but a reality, following the words of Fredrick Hayek the renowned political philosopher who said that a "government is not end, but a means to an end" the sustainability of democracy would mostly depend on the art of Good Governance.

The administration of President Good luck Jonathan in the past five years if nothing else has done very well in sustaining our fragile and disjointed polity through his leadership principle of 'Non-Confrontational, but Engagement Reasonable Dialog' which is one of the key moulding principles of a good democrat.

On this note while i wish Mr President a great success for reaching this bench-mark, i am very certain that he would remain strong and confident to lead the country into its new face of centenary and to the achievement of the" Vision 20-2020", by making Nigeria reaching the landmark of the leading twenty countries by the year 2020. Based on these I have come up with some few point for consideration, which is from a publication by the centre for international private enterprise (cipe).

Democracy that Delivers: Improving Governance

In many countries where democracy has made inroads and elections have been held, the majority of the population has yet to experience tangible improvements in their lives. In these countries, many may question the practicality of democracy or acquire a distorted understanding of what democracy really entails. They may become susceptible to populist or authoritarian appeals that are camouflaged as democracy. The best way to improve the lot of these people is to achieve greater reform and more complete democracy, not to compromise political or economic freedoms. The paramount need is for better governance.

While elections create a basis for popular representation, a working, responsive government is the sine qua non for improving people's lives.

Similarly, in many countries where markets have been substantially liberalized, the majority of the population has yet to benefit from growth. The solution is not to roll back liberalization but to complete reforms by putting in place market institutions that promote responsible behaviour and protect the economic freedoms of all. Citizens must be given the opportunity to participate in markets, to have their economic rights protected, and be part of the legal economy. These reforms depend on good governance.

How Democracy Must Deliver

To make a meaningful difference, democracy must deliver in three ways:

First, the government must produce outputs in the form of social services, security, justice, and so on. For example, the government is expected to provide schools, roads, police, and vaccinations.

Second, the government must facilitate economic growth to improve standards of living. This does not mean the government must direct the economy. Rather, it should uphold market institutions, create a positive investment climate, and allow the private sector to flourish.

Third—and this distinguishes democratic governments from other forms of government—the government must be responsive to public needs and demands. This means, in addition to legislating policies that address public concerns, the government must follow through on these commitments. Proper follow-through depends on both an administration that is capable of implementing its policies as well as mechanisms for the public to hold the government accountable for its commitments.

For democratic governments to deliver outputs and policies that respond to real public needs, the capacity of the state and civil society must be augmented. Often, a state fails to perform its basic functions due to a tangled legal framework, the excessive discretion granted to officials, and the degrading influences of corruption on administration. The quality of a state is also shaped by the strength of civil society. A vigorous civil society can direct the state's focus to areas of greatest public interest and prevent the extension of state authority in areas that stifle private freedom and initiative. Civil society organizations form crucial links between society.

Economic Underpinnings of Democratic Development

Democratic development requires progress on three levels: individual freedom, independent associational life, and institutions. Freedom allows individuals to develop their

potential and shape their own destiny. Independent associations form the lifeblood of pluralism, necessary to healthy interest representation and restraints on authority. Institutions safeguard rights and maintain the processes of nonviolent, participatory decision-making and free and fair competition. When most people think about these levels within democracy, examples such as civil liberties, political parties, and elections come to mind. But in addition to these and other political essentials, there are also essential economic freedoms, associations, and institutions that underpin democracy.

On each level, the state of a society's economic life influences the quality of its political life (see figure 3). Economic freedom amplifies political freedom. An open economy with a dynamic private sector permits pluralism to flourish. Market institutions, like democratic institutions, promote the values and practice of fair competition governed by a common set of transparent rules.

Where economic freedom, an open economy, and market institutions are absent, the consequences for democratic development are severe. Autocrats expropriate the property of political opponents. Cronies of political elites dominate access to government resources and policymaking. Corruption distorts policy outcomes while corroding rule of law and legitimacy.

State control over the economy renders citizens dependent and officials unaccountable. All in all, opportunities and resources for independent political action dry up.

Political freedom cannot be grasped when economic freedom is out of reach. Thus, successful democratization depends on economic reform on multiple fronts, including the creation of market institutions, the advancement of informed debate on economic policy, and the empowerment of the private sector. A competitive, responsible private sector in an open economy provides an important counterweight to the state, injects dynamism into political discourse, and makes possible a vibrant civil society.

The Components of Democracy

Recognizing that democracy is a multifaceted concept and that the quality of democracy matters, Larry Diamond and Leonardo Morlino have constructed a framework for evaluating the quality of democracies on eight dimensions.

Their framework, designed with consolidated democracies in mind, has relevance for countries undergoing democratic transformation, too.

The following section outlines how the components of a market economy intersect with and reinforce the components of democracy.

- Rule of Law – Essential to the maintenance of both democracy and a market economy, the rule of law protects rights and guarantees commitments. Whether in economic or political life, the rule of law preserves individual autonomy vis-à-vis the state

and reinforces the social capital needed to make open societies work. “Both economic reform and democratic consolidation encompass the creation of stable expectations and rules about behaviour,” which provide guarantees to investors and competing political groups.

Investors and entrepreneurs have often been ardent proponents of the rule of law and the institutions that sustain it. Once created, these have become available to all citizens for the defines of their rights.

- Competition – Robert Dahl has argued that competitive politics requires a pluralistic social order, which in turn requires a decentralized economy.

This implies at a minimum that economic power be dispersed beyond the state sector, that oligopolies are kept in check, and crony business interests be denied preferential access to the government.

Market economies, by permitting and encouraging open competition, stimulate greater pluralism and regular renewal. They therefore complement the marketplace of ideas and generate more sources of information.

Moreover, a market economy, or capitalism as Peter Berger describes it, “provides the social space within which individuals, groups, and entire institutional complexes can develop independent of state control.... Capitalism creates space and opportunity for civil society.”

Conversely, statist crowds out private sector competition and makes “community as well as individual advancement dependent on control of the state.”

This can lead to unhealthy, unproductive, and even violent competition over state resources. Democratic competition, like market competition, must be open and legitimate, governed by universally applicable rules of the game with regard for the rights and property of individuals.

- Participation – Participation by citizens and civil society organizations brings meaning and life to democracies. Business groups, like other social and economic interests, have a right and a responsibility to participate in policymaking, debate, and other political activities.

Business associations, as a key component of civil society, participate by representing business interests, sharing information with government and the private sector, educating the public on economic issues, and making policy recommendations.

In many countries, oligopolists or cronies abuse their access to government to obtain rents or block new entrants to the market. Therefore, it is crucial to broaden business participation to include smaller firms, competitive firms, and informal businesses. Their

participation contributes to more progressive, effective economic policy and at the same time enlarges the constituency for democratization.

- Accountability – Governments must be held accountable for economic performance.

Not only does economic performance create a context for democratic transition and consolidation, it is also a subject of vital importance to people everywhere. If citizens are to enjoy tangible benefits from democracy, they must demand good economic performance and support policies that sustain it. A strong middle class and strong business organizations often lead the way in making such demands and holding government accountable.

Spreading responsible practices throughout the economy is another way to buttress accountability in the political system. As individuals and corporations adopt values of responsibility and transparency, they come to expect the same from government officials.

They also close off the space for corrupt exchanges, since well-governed corporations do not supply graft.

- Freedom – Political freedom cannot be achieved without economic freedom. Classical liberals fought for both kinds of freedom. They were primarily concerned about threats to freedom from the state. The same government that could arbitrarily seize private property could violate fundamental civil rights, repress opposition, and rule without the consent of the governed.

Freedom unlocks individual initiative and creativity, allowing individuals and societies to achieve their potential. Competition and choice in economic and political markets permit citizens to pursue their dreams and attain more of what they desire. A culture of entrepreneurship, based on initiative and risk-taking, promotes a political culture of citizen involvement and leadership. Freedom of information expands opportunity and improves decision-making in both types of market. Once channels are opened for the communication of economic information, it becomes very difficult to restrict the flow of other kinds of information.

Diamond and Morlino list the rights to private property and entrepreneurship as “civil economic rights.” Another essential economic right is freedom of association, vital to private firms, business associations, labour unions, and other economic associations. The defence of these economic rights, by citizens, economic associations, and legal institutions creates a sound foundation for the defence of political freedoms

Equality – Democracy requires equality before the law and equality of opportunity. Market systems, too, are founded on equality of opportunity, often referred to as a “level playing field.” In other words, both systems are premised on opportunities to participate and be

treated fairly. Two points of market systems are commonly overlooked. First, open markets are the best mechanism for job creation, which is how opportunity is created for a majority of Second, in many developing countries a large informal sector constitutes a pool of entrepreneurial talent that is shut out of the formal market economy. The integration of this sector into the formal system would expand opportunity the population.

Responsiveness – Responsiveness refers to democracies' ability to produce the policy outputs desired by citizens. Economic performance requires good policies and also generates resources that support the implementation of policies. Functioning markets in particular benefit economic policy by providing price signals, which are unavailable in command economies. Independent business organizations are another valuable source of economic information. Moreover, business organizations can ease the burden on government by serving various private-sector needs directly. Accordingly, the government can create a more effective policy environment by supporting market formation and freedom of association in the private sector.

What needs to be done?

Democracy without a market economy is almost inconceivable. There is no good example to be found of a consolidated democracy that lacks market institutions and an independent private sector. While there is no single path from authoritarianism to democracy, it is evident that successful democratization entails the establishment of a market economy. Because of the numerous interrelationships between economic and political development outlined above, the failure to reform economic institutions impedes democratic progress.

Conversely, the promotion of a free, competitive private sector generates multiple opportunities to positively influence the political transformation. Here, in summary, are key steps to be taken:

- **Build market institutions** – Market economies are based not on the absence of governance but on a set of institutions. Property rights, contract law, and anti-trust law are important examples. These institutions should entrench values such as transparency, responsibility, and fairness, values which uphold democracy as well.
- **Build rule of law** – Market institutions facilitate individual initiative and commerce among strangers. To be effective, they must be backed by rule of law and enforced impartially.
- **Createspace for the private sector** – Limit the scope of the state sector. Reduce burdensome regulations on doing business. Encourage the uninhibited flow of economic information. Allow freedom of association to voluntary business associations.

- Develop private sector input – Good economic policymaking depends on accurate economic information as well as micro-level perspectives. Engaging business groups in open, democratic debate serves the dual purposes of creating a new constituency for democracy while improving economic policy.
- Develop political institutions – The institutions of elections, governance, and representation are as important to the private sector as they are to citizens overall. They should sustain market institutions, and in turn will be sustained by them.

The Role of Business in Democratic Development

Democracy is built and sustained by the participation of a wide range of citizens and interest groups. Together with other citizens and segments of society, the business sector must play its part in democratic development. As a key component of civil society, business possesses resources, human capital, and problem-solving capabilities that can benefit society as a whole. A politically engaged private sector can improve policymaking, represent legitimate economic interests, and defend democratic rights and institutions.

Business has a stake in democracy. Democratic governments are more likely than authoritarian governments to refrain from arbitrary seizure of property, protect the free flow of information, receive input on economic policy, and strive for a prosperous economy overall.

Liberal democracies respect rule of law, individual rights and initiative, and transparent policymaking, all of which benefit the business community and society as a whole. Under authoritarian rule, a narrow set of economic elites may prosper, whereas in a democratic society a full range of businesses can capitalize on economic opportunity and serve the population.

The Private Sector and Pluralism

An independent private sector contributes to democracy largely by expanding pluralism in society and in politics. “A vigorous social pluralism,” as Carl Gershman, president of the National Endowment for Democracy, has noted, “is vital at every stage of democratic development.” In society, voluntary associations provide “space for autonomous social and intellectual activity.” In politics, “they provide channels for citizen participation and a check on the unwarranted extension of government power.”

In the course of its normal activities, an independent private sector increases diversity and pluralism within society. A multiplicity of competitive firms, serving varied needs and continually exchanging business, generates independent centres and networks of economic and social activity. Individualism flourishes in a competitive, entrepreneurial environment.

When individuals come together in firms and trade associations, they develop organizational skills and self-reliance.

Authoritarian governments frequently restrict economic freedoms, yet in so doing incur heavy costs. These costs affect the economy in general as well as the resource base and the legitimacy of the government. Coercion is not an effective means of inducing investment, fostering innovation, and allocating resources efficiently.¹⁴ As a result, some authoritarian governments, such as the former Korean and Taiwanese regimes, have refrained from stifling economic actors and so allowed room for social pluralism and the beginnings of democratization.

Business Associations and Civil Society Organisation

Businesspeople can play an active role in democratic development if they unite to demand good governance and good policy. Voluntary business associations constitute an important segment of civil society. By representing business interests and facilitating private sector participation in open policy debate, they engage the business community in democratic processes. This serves the dual ends of nurturing business support for democracy and bringing pressure to bear on government to respond to democratic processes.

The positive effects of business associations have often been overlooked due to the prevalent belief that all collective action by business involves attempts to redistribute public wealth without generating productive value. In fact, collective action by business can improve government policy and eliminate regulatory distortions that encourage corruption. There are two keys to improving social wellbeing and augmenting democracy through concerted business action. The first is that associations should support and demand policies—not favours—that benefit a broad spectrum of firms and entrepreneurs. Such policies are good for the economy as a whole, including workers who benefit from job creation and consumers who benefit from cheaper, better goods and services. The second key is that associations should set an example of good democratic practice by making their demands transparently—not behind closed doors—so that all can learn, debate, and ultimately hold government accountable for policy decisions.

Democratic Functions of Business Associations

There are several positive functions independent business associations can perform that help create or consolidate democratic systems. First, associations represent business interests. They determine the preferences of businesses, then aggregate, reconcile, and channel them to produce cohesive recommendations on policy. Because the private sector

is so diverse, associations play an essential role in building consensus and articulating the voices of smaller economic players.

Representation by business associations complements interest representation by political parties and may draw attention to economic issues that are not priorities on the partisan agenda.

Second, organized business can act as a counterweight to the state, resisting abusive or arbitrary state action and demanding accountability. Also as part of civil society, businesspeople and their organizations participate in the open exchange of opinions and public debate. Business organizations both contribute to the plurality of expression and provide a public platform such that business articulates its opinions openly and participates transparently in policymaking